

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

PFA0064– ESSENTIALS OF FINANCIAL ACCOUNTING
(Foundation in Management)

3 MARCH 2020
2.30PM – 4.30PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with 4 questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet.

QUESTION 1

The following information were taken from the accounts of Johnny Bhd. for 2019.

	<u>1 January 2019</u>	<u>31 December 2019</u>
Inventories:		
Raw materials	RM 7,500	RM 7,700
Work in process	13,100	12,030
Finished goods	17,000	10,800
Costs incurred:		
Raw materials purchases		RM 93,000
Direct labor		42,900
Factory rent		8,250
Factory utilities		7,000
Indirect materials		4,000
Indirect labor		6,100
Selling expenses		5,010
Administrative expenses		12,000
Factory machine depreciation		5,200
Factory insurance		6,500
Factory manager's bonus		8,940
Factory cleaning expenses		3,450
Depreciation for factory equipment		2,800

Required:

Prepare the manufacturing account for the year ended 31 December 2019.

(Total 25 marks)

QUESTION 2

The Pocky Club with 50 members had the following assets and liabilities on 1 January 2019:

	RM
Cash	600
Bar inventory	500
Clubhouse	11,000
Fixtures (net)	2,050
Accounts payable	300

The following cash receipts and payments were made during the year ended 31 December 2019:

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Receipts:

- i) Membership fees of RM 40 each per annum was received from 50 members. During the year, 15 new members were admitted. Each paid RM 34 as an entrance fee in addition to the annual subscription for the year.
- ii) The members held a successful variety show in aid of the club extension fund. Total receipts were RM 3,450. Donations of RM 300 were given to the club.
- iii) Bar receipts totaled RM 10,260. All sales in the club bar were in cash only.

Payments:

	RM
Maintenance expenses	565
Wages of staff	700
Electricity and water	170
Miscellaneous expenses	210
Purchase of new billiard table	280
Settlement of outstanding accounts payable	300
Bar wages	1,070
Bar purchases	8,600
Cost of organizing show	560

Additional information:

- i) Ending inventory for bar club was RM 630.
- ii) It is the policy of the club to set aside 10% of fixtures at the end of each year as depreciation.
- iii) Entrance fees are considered as revenue receipts.
- iv) Funds raised by variety concert are capitalized for building premises.
- v) Electricity and water owing RM 40.

Required:

- a) Receipts and payments account for the year ended 31 December 2019. (10 marks)
- b) Bar trading account for the year ended 31 December 2019. (7 marks)
- c) Income and expenditure account for the year ended 31 December 2019. (8 marks)

(Total 25 marks)

QUESTION 3**PART A**

Irene, Shan and Damien are partners and shared their profits and losses in the ratio 4:2:1. From 1st January 2020, the assets of the partnership were to be revalued because there is a new member, Joyce joined the partnership. Therefore, the new profit sharing ratio for Irene, Shan, Damien and Joyce will be 3:2:1:1.

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Irene, Shan and Damien
Statement of Financial Position
As at 31 December 2019

<u>Assets:</u>	RM	RM
Buildings (at cost)		80,000
Motor vehicles (at NBV)		16,500
Fixtures and fittings (at NBV)		<u>1,800</u>
		98,300
Inventory	6,100	
Accounts receivable	7,400	
Bank	<u>800</u>	<u>14,300</u>
		<u>112,600</u>
<u>Capital:</u>		
Irene		60,000
Shan		30,000
Damien		<u>22,600</u>
		<u>112,600</u>

The following assets are to be revalued:

	RM
Building	156,000
Motor vehicles	15,000
Inventories	4,774
Fixtures and fittings	1,050

Required:

- Prepare a revaluation account to record the revaluation of the assets. (10 marks)
- Prepare Irene's capital account upon the exercise of the revaluation of the assets. (3 marks)
- Provide two reasons why revaluation of asset is needed for partnership business. (2 marks)

PART B

A comparative Statement of Financial Position for Tinkle Bhd. is presented below:

Tinkle Bhd		
Comparative Statement of Financial Position		
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	RM 36,000	RM 31,000
Accounts receivable (net)	80,000	60,000
Prepaid insurance	25,000	17,000
Land	18,000	40,000
Equipment	70,000	60,000
Accumulated depreciation - equipment	<u>(20,000)</u>	<u>(13,000)</u>
Total Assets	<u>RM 209,000</u>	<u>RM 195,000</u>

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Liabilities and Stockholders' Equity

Accounts payable	RM 11,000	RM 6,000
Bonds payable	39,000	19,000
Ordinary shares	140,000	115,000
Retained earnings	<u>19,000</u>	<u>55,000</u>
Total liabilities and stockholders' equity	<u>RM 209,000</u>	<u>RM 195,000</u>

Additional information:

1. Net loss for 2019 is RM 15,000.
2. Cash dividends of RM 9,000 were paid in 2019.
3. Land was sold for cash at a loss of RM 7,000. This was the only land transaction during the year.
4. Equipment with a cost of RM 15,000 and accumulated depreciation of RM 10,000 was sold for RM 5,000 cash.
5. RM 12,000 of bonds were retired during the year at carrying (book) value.
6. New ordinary shares was issued in exchange for purchase of equipment. The fair market value of the ordinary shares at the time of the exchange was RM 25,000.

Required:

Prepare the Statement of Cash Flows for the year ended 2019, using the indirect method.

(10 marks)

(Total 25 marks)

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QUESTION 4

The following is the trial balance of Hani Bhd at the end of 31 December 2019:

	DEBIT (RM)	CREDIT (RM)
Share capital (issued and paid up):		
100,000 Ordinary shares of RM0.40, each fully paid		40,000
50,000 5% Preference shares of RM1, each fully paid		50,000
10% Loan notes (RM200 each)		30,000
Purchases and sales	200,500	300,100
Returns inwards and outwards	1,200	1,500
Allowance for doubtful debts		3,000
Rent and rates	3,000	
Repair and maintenance of motor vehicle	2,560	
Salaries and wages	30,000	
Directors' remuneration	46,000	
Accumulated depreciation for machinery		4,500
Interest on loan notes	1,500	
Receivables and payables	20,000	17,000
Machinery (at cost)	55,000	
Premises	85,000	
Inventory (1 January 2019)	20,000	
Retained earnings (1 January 2019)		7,060
Cash and bank	9,000	20,600
	473,760	473,760

Additional information:

- 1) Inventory at 31 December 2019 was valued at RM 16,350.
- 2) Half of the loan note interest are being accrued for the year.
- 3) The amount of rent and rates includes a rental payment for January 2020 amounted to RM 500.
- 4) Machinery is to be depreciated at 10% per annum using reducing balance method.
- 5) The allowance for doubtful debts is to be increased to RM 5,300.
- 6) The company estimated the corporation tax to be RM 2,800.
- 7) A final dividend of RM2,000 is proposed on the ordinary shares, and the full year's preference dividend is to be provided for.
- 8) RM3,000 is transferred to general reserves.

Required:

- a) Prepare the Statement of Profit or Loss and other Comprehensive Income for the financial year ended 31 December 2019. (18 marks)
- b) Prepare the Statement of Changes in Equity for the year ended 31 December 2019. (7 marks)

(Total 25 marks)

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